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Coordination, programme and other questions

Letter dated 30 June 1998 from the Permanent Representative of Bangladesh to the United Nations addressed to the President of the Economic and Social Council

I have the honour to convey the proposal of my Government that the year 2005 be proclaimed by the United Nations as the International Year of Microcredit. It is the final year of the Microcredit Summit campaign, launched in February 1997, which seeks to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005.

An explanatory memorandum in support of the above proposal is annexed to the present letter.

I would like to request you to have this letter and its annex circulated as an official document of the substantive session of 1998 of the Economic and Social Council, under agenda item 7 of the provisional agenda.

(*Signed*) Anwarul Karim **Chowdhury**

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Annex

International Year of Microcredit, 2005

It has been proposed that the year 2005 be proclaimed by the United Nations as the International Year of Microcredit. It is the final year of the Microcredit Summit campaign, which seeks to reach 100 million of the world's poorest families, especially the women of those families, with credit for self-employment and other financial and business services by the year 2005.

This global movement was launched at the Microcredit Summit, held in Washington, D.C., from 2 to 4 February 1997, by Heads of State and Government and their representatives from all regions of the world and by the 2,900 participants from 137 countries consisting of governmental representatives, representatives of international financial institutions, various United Nations agencies, members of non-governmental organizations, community-based organizations and grass-roots-level practitioners and advocates of microcredit.

The Microcredit Summit was conceived as part of a larger global effort to eradicate poverty. To be successful, the overall movement to end poverty will require the implementation of a broad range of strategies. One of the strategies is building institutions capable of providing microcredit services – specifically, credit for self-employment and savings capabilities – to 100 million of the world's poorest families. For its implementation, the civil society, national Governments, the international community and regional and international organizations, including international financial institutions, will be required to play their part. Observance of the international year will contribute to the dissemination of knowledge, building of partnerships, and broadening of the understanding of individual as well as shared roles in pursuit of the common goal launched at the Summit.

Microcredit programme use methodologies that promote responsibility, self-esteem and financial self-sufficiency by capturing the capacity of communities to solve their own problems. It is a key strategy in achieving many of the goals agreed at the major global conferences of this decade, including eradication of poverty and empowerment of women.

The target of this non-traditional lending strategy is to make commercial credit available to low-income people, mostly women, who would not normally be eligible for these loans. Programmes using best practices identified by practitioners in the field have achieved excellent repayment rates and played an important role in helping low-income people to become self-sufficient, while at the same time achieving development in the communities they live in.

Micro-lending has grown over the past decade from being an anti-poverty strategy primarily used in developing countries to one of achieving social development. Increasing numbers of countries, both developing and developed, are deriving benefit from successful microcredit schemes. In addition to its impact on the eradication of poverty, microcredit has had other favourable social impacts, establishing social justice and increasing borrowers' participation in political and social activities. Those with access to microcredit have been found to enjoy better health and education and desirable family size compared to other people living in poverty without access to credit.

Following the Microcredit Summit, all major summit meetings and high-level international political forums have expressed positive support to microcredit. They include the Twelfth Ministerial Conference of the Non-Aligned Movement (New Delhi, 4-8 April 1997), the ninth meeting of the Asian Association for Regional Cooperation (Male, 12-14 May 1997), the Organization of African Unity (Harare, 2-4 June 1997), the Group of Seven

statement on economic and financial issues (Denver, Colorado, 21 June 1997), the substantive session of 1997 of the Economic and Social Council (Geneva, 30 June-25 July 1997), Commonwealth Heads of Government Meeting (Edinburgh, 24-27 October 1997), and the Thirteenth Ministerial Conference of the Non-Aligned Movement (Cartagena, 18-20 May 1998).

The awareness and recognition among Member States of this approach is growing fast. Many have already adopted appropriate microcredit schemes in their overall approaches to socio-economic development. Many more are actively considering incorporation of a microcredit strategy in their overall approach to combating poverty and achieving social development. General Assembly resolution 52/194, of 18 December 1997, entitled "Role of microcredit in the eradication of poverty", presents the overall approach and the viewpoint of the Member States on microcredit. The United Nations system, including the international financial institutions, and regional banks have substantially increased their support and expanded Microcredit programmes since the adoption of the resolution.

Designation of the international year will reinforce the efforts already being undertaken at different levels and strengthen the follow-up activities needed to implement the vision arrived at at the Microcredit Summit. This will also contribute, through stimulation of national, regional and international activities, to the raising of awareness of the socially beneficial role of microcredit.

The observance will also highlight 2005 as a special occasion for giving further impetus to reaching the goals and objectives of the Microcredit Summit and to making microcredit available to people who are willing and able to undertake microenterprises, based on voluntary commitment of individuals, foundations, and other organizations to make available their resources and skills in the interest of the less advantaged.